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SENSITIVE
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NAIROBI FOR FCS
STATE FOR EB
STATE PASS TO USTR (WJACKSON) AND USPTO

E.O. 12958: N/A

TAGS: [ETRD](#) [EINV](#) [EAID](#) [EAGR](#) [ET](#)

SUBJECT: ETHIOPIA: STARBUCKS ATTEMPTS TO DIFFUSE COFFEE
TRADEMARK ROW, EXPECTS USG TO CONTINUE FIGHTING

¶1. (SBU) Summary. Starbucks senior vice president Dub Hay announced February 18 that it will not oppose Ethiopia's efforts to obtain trademarks for its specialty coffees, temporarily blunting the public relations firestorm waged by international NGOs. Hay, however, privately told the Ambassador that the issue was best handled as a "policy matter" and expected USTR to continue its opposition to Ethiopia's trademarking efforts. While Starbucks' goal of diffusing the situation was achieved, the issue of trademarking versus geographic certification still remains. An effort by the USG to educate Ethiopia on the merits of a certification process may be the best long-term solution. End Summary.

TRADEMARK VS GEOGRAPHIC CERTIFICATION

¶2. (SBU) The current dispute between Starbucks and the GOE arose out of the coffee company's objection to Ethiopia's choice of intellectual property protection. Ethiopia seeks to trademark its coffee by geographic region, similar to the trademark France holds on champagne. Starbucks argues -- and notably so does USPTO -- that Ethiopia might be better served by geographic certification, used for such products as Idaho potatoes, Florida oranges, and Colombian coffee. Unlike trademarks, which grant the owner full licensing discretion, certification is subject to an anti-discrimination clause. As long as the product meets the defined standards, the owner of the certification cannot withhold licensing. The GOE contends that a certification process is too costly, while Starbucks fears that Ethiopia would eventually charge a fee to distribute and sell the country's coffee beans if it were granted the trademarks.

POLICY NOT COMMERCIAL DISPUTE

¶3. (SBU) Senior vice president Dub Hay told the Ambassador February 16 that Starbucks decided to end its opposition to Ethiopia's trademarking efforts in hopes of recasting the issue as a government-to-government policy matter rather than a commercial dispute. Hay noted that Starbucks' position on trademarking remained unchanged, but hoped that USTR would take up the fight to enforce USPTO's position against geographic trademarking. Hay said he hoped that the anti-Starbucks public relations campaign being waged by international NGO Oxfam might be stymied if the issue shifted to a government trade dispute.

COMMENT

14. (SBU) While the dispute between Starbucks and the GOE has been temporarily diffused, the issue of trademarking versus geographic certification still remains. Post believes that a certification program will raise the quality and consistency of Ethiopian coffees, while yielding increased prices and, most importantly, increased farmer wages. Without USG technical assistance or other guidance, however, Ethiopia is not likely to reverse course and will continue to seek trademarks for its coffee in the U.S. and other markets.

WILGUS